

# Financial Services Audit Committee Communication

**Date:** October 23, 2020

**To:** Great Lakes Water Authority Audit Committee

From: Lisa L Mancini, Financial Planning & Analysis Manager

Re: FY 2021 First Quarter Budget Amendments through September 30, 2020 and

Proposed Budget Amendment Resolution

**Background:** In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee. When budget amendments are required at the appropriation level as defined by the corresponding fiscal year budget adoption resolution, the Audit Committee will review the proposed budget amendments and forward to the Board of Directors with a recommendation.

**Analysis:** The budget amendment report is organized in the following manner.

#### 1. Appropriation Level - Revenue Requirement - Water and Sewer Systems

- a. Supplemental Information Fund Level Water System and Sewer System
- b. Supplemental Information Enterprise-wide Core Groups
- c. Supplemental Information Enterprise-wide Operations & Maintenance Account
  Type
- d. Supplemental Information Enterprise-wide Operations & Maintenance Department and Account Level Amendments (see Addendum)

# 2. Appropriation Level - Improvement & Extension Fund - Water and Sewer Systems

## 3. Appropriation Level - Construction Bond Fund - Water and Sewer Systems

A budget amendment resolution reflecting the budget amendments is also attached.

**Proposed Action:** The Audit Committee recommends that the Board of Directors for the Great Lakes Water Authority adopt the proposed budget resolution for the first quarter FY 2021 budget amendments.



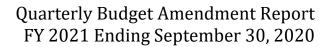
#### Appropriation Level - Revenue Requirement - Water System General Operating

	FY 2021						Total				
	Board	1	Deferral 1		Deferral 2		1st Quarter		FY 2021		FY 2021
	Adopte d		through		through		FY 2021		Amended	A	tivity Thru
Water System	Budget		9/30/2020 *		12/31/2020	Ame ndme nts		Budget		7/31/2020	
Revenues	 										
Suburban Wholesale Customer Charges	\$ 314,252,200	\$	(2,901,400)	\$	1,782,800	\$	(1,118,600)	\$	313,133,600	\$	32,891,135
Retail Service Charges	22,555,400		(315,200)		(314,700)		(629,900)		21,925,500		1,853,350
Investment Earnings	4,834,400		-		(3,564,800)		(3,564,800)		1,269,600		472,923
Other Revenues	-		-		-		-		-		-
Total Revenues	\$ 341,642,000	\$	(3,216,600)	\$	(2,096,700)	\$	(5,313,300)	\$	336,328,700	\$	35,217,408
Revenue Requirements											
Operations & Maintenance Expense	\$ 137,127,300	\$	(3,000,000)	\$	-	\$	(3,000,000)	\$	134,127,300	\$	10,035,603
General Retirement System Legacy Pension	6,048,000		-		-		-		6,048,000		504,000
Debt Service	143,189,900		-		(5,753,900)		(5,753,900)		137,436,000		11,477,400
General Retirement System Accelerated											
Pension	6,268,300		-		-		-		6,268,300		522,358
Extraordinary Repair & Replacement											
Deposit	-		-		-		-		-		-
Water Residential Assistance Program											
Contribution	1,669,400		-		-		-		1,669,400		137,775
Lease Payment	22,500,000		-		-		-		22,500,000		1,875,000
Operating Reserve Deposit	876,600		-		(876,600)		(876,600)		-		-
DWSD Budget Shortfall Pending	-		-		-		-		-		416,728
Improvement & Extension Fund											
Transfer Pending	23,962,500		(216,600)		4,533,800		4,317,200		28,279,700		1,996,875
<b>Total Revenue Requirements</b>	\$ 341,642,000	\$	(3,216,600)	\$	(2,096,700)	\$	(5,313,300)	\$	336,328,700	\$	26,965,739

<sup>(\*)</sup> Information in this column is based on the 'Proposed FY 2021 Budget Reductions' report which was presented at the June 19, 2020 Audit Committee and subsequently the June 24, 2020 GLWA Board meeting. The information presented in the June report was an approximation, based on information available at the time that the report was created. The information has been adjusted by approximately \$200,000 based upon analysis of revenue trends.



	quirement - Water System General Operating Budget Amendment Explanation						
Revenues							
Suburban Wholesale Customer	The reduction to this category is due to the deferral of the effective date for the FY 2021						
Charges	Schedule of Service Charges from July 1, 2020 to January 1, 2021. This reduction has been						
	offset by the first quarter positive variance due to the increase in water demand usage						
	during the summer months. At this time, an amendment is proposed for the cumulative						
	revenue shortfall forecast of approximately \$1.1 million.						
Retail Services Charges	As noted above, this reduction is the companion retail system amendment due to the						
	deferral of the effective date for the FY 2021 Schedule of Service Charges.						
Investment Earnings	Decrease in earnings due to market conditions since declaration of COVID-19 panden						
	emergency.						
Other Revenues	No budget amendment is required.						
Revenue Requirements (Expenditure	es)						
Operations & Maintenance Expense	Expenses were reduced to align with charge revenue reductions. Additional information						
	related to the details of how this was accomplished is provided in this report.						
General Retirement System Legacy	No budget amendment is required. Budget and funding are on a fixed schedule.						
Pension							
Debt Service	Decrease largely due to May 2020 refunding transaction savings and timing of SRF draws.						
General Retirement System Legacy	No budget amendment is required. Budget and funding are on a fixed schedule.						
Pension – Accelerated Payment							
Extraordinary Repair &	No budget amendment is required. This is a formulaic requirement in the Master Bond						
Replacement	Ordinance. Based on adopted and amended budget, no adjustment is required.						
Water Residential Assistance	No budget amendment is required. Budget is fixed at time of budget adoption.						
Program Contribution							





Appropriation Level - Revenue Rec	uirement - Water System General Operating Budget Amendment Explanation
Lease Payment	No budget amendment is required. Lease payment is established in accordance with terms
	of the lease.
Operating Reserve Deposit	Based on further review and analysis, this operating reserve is no longer required.
DWSD Budget Shortfall Pending	No budget amendment is proposed at this time. Represents budget shortfall attributable
	to decline in collections since declaration of COVID-19 pandemic emergency. The 2018
	Memorandum of Understanding provides guidance related to repayment to the extent that
	the shortfall is not cured by other means before June 30 <sup>th</sup> of the subsequent year.
	Communication with DWSD Management indicates that plans are cautiously optimistic
	that the shortfall will be cured by year-end.
Improvement & Extension Fund	Represents annual funding for pay-as-you-go capital improvement program. Budget
Transfer Pending	amendments to investment earnings, debt service, and the Operating Reserve Deposit
	affect this line item.



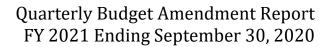
#### Appropriation Level - Revenue Requirement - Sewer System

	FY 2021 Board	ī	Deferral 1	Deferral 2	Total 1st Quarter		FY 2021	FY 2021
	Adopted		through	through	FY 2021		Amended	tivity Thru
Sewer System	Budget	9/	30/2020 *	12/31/2020	Amendments		 Budget	 7/31/2020
Revenues								
Suburban Wholesale Customer Charges	\$ 277,011,800	\$	(1,479,300)	\$ (1,479,000)	\$ (2,958,3	(00	\$ 274,053,500	\$ 22,391,866
Retail Service Charges	190,112,100		(1,076,200)	(1,076,200)	(2,152,4	100)	187,959,700	15,752,992
Industrial Waste Control Charges	8,775,400		(46,000)	(46,100)	(92,1	(00	8,683,300	658,870
Pollutant Surcharges	5,262,800		(27,600)	(27,600)	(55,2	200)	5,207,600	452,394
Investment Earnings	5,589,200		-	(4,602,300)	(4,602,3	(00	986,900	322,214
Other Revenues	-		-	-	-		-	33,039
Total Revenues	\$ 486,751,300	\$	(2,629,100)	\$ (7,231,200)	\$ (9,860,3	(00	\$ 476,891,000	\$ 39,611,375
Revenue Requirements								
Operations & Maintenance Expense	\$ 184,946,100	\$	(2,650,100)	\$ -	\$ (2,650,1	(00	\$ 182,296,000	\$ 13,198,434
General Retirement System Legacy Pension	10,824,000		-	-	-		10,824,000	902,000
Debt Service	209,739,900		-	(7,959,500)	(7,959,5	(00	201,780,400	16,936,709
General Retirement System Accelerated								
Pension	11,620,700		-	-	-	-	11,620,700	968,392
Extraordinary Repair & Replacement								
Deposit	-		-	-	-		-	-
Water Residential Assistance Program								
Contribution	2,415,100		-	-	-	-	2,415,100	200,167
Lease Payment	27,500,000		-	-	-	-	27,500,000	2,291,667
Operating Reserve Deposit	-		-	-	-	-	-	-
DWSD Budget Shortfall Pending	-		-	-	-		-	4,127,058
Improvement & Extension Fund								
Transfer Pending	39,705,500		21,000	728,300	749,3	00	40,454,800	3,308,792
Total Revenue Requirements	\$ 486,751,300	\$	(2,629,100)	\$ (7,231,200)	\$ (9,860,3	(00	\$ 476,891,000	\$ 41,933,219

<sup>(\*)</sup> Information in this column is based on the 'Proposed FY 2021 budget reductions' report which was presented at the June 19, 2020 Audit Committee and subsequently the June 24, 2020 GLWA Board meeting. The information presented in the June report was an approximation, based on information available at the time that the report was created. The information has been adjusted by approximately \$30,000 based upon further analysis.



Appropriation Level - Revenue Red	quirement - Water System General Operating Budget Amendment Explanation
Revenues	
Suburban Wholesale Customer	The reduction to this category is due to the deferral of the effective date for the Schedule
Charges	of Service Charges from July 1, 2020 to January 1, 2021.
Retail Services Charges	As noted above, this reduction is due to the deferral of the effective date for the Schedule
	of Service Charges.
Industrial Waste Control Charges	See explanation for Retail Service Charges.
Pollutant Surcharges	See explanation for Industrial Waste Control Charges.
Investment Earnings	Decrease in earnings due to market conditions since declaration of COVID-19 pandemic
	emergency.
Other Revenues	No budget amendment is required.
Revenue Requirements (Expenditur	es)
Operations & Maintenance Expense	Enterprise-wide centralized services and administrative expenses were reduced to achieve
	corresponding revenue charge revenue reductions for the water system. Additional
	information related to the details of how this was accomplished is provided in this report.
General Retirement System Legacy	No budget amendment is required. Budget and funding are on a fixed schedule.
Pension	
Debt Service	Decrease largely due to forecast versus actual timing of state revolving fund loan draws,
	interest for a new money bond issue that was deferred, and an adjustment for a variable
	rate debt.
General Retirement System Legacy	No budget amendment is required. Budget and funding are on a fixed schedule.
Pension – Accelerated Payment	





Appropriation Level - Revenue Rec	Appropriation Level - Revenue Requirement - Water System General Operating Budget Amendment Explanation									
Extraordinary Repair &	No budget amendment is required. This is a formulaic requirement in the Master Bond									
Replacement	Ordinance. Based on adopted and amended budget, no adjustment is required.									
Water Residential Assistance Program Contribution	No budget amendment is required. Budget is fixed at time of budget adoption.									
Lease Payment	No budget amendment is required. Lease payment is established in accordance with terms of the lease.									
Operating Reserve Deposit	Based on further review and analysis, this operating reserve is no longer required.									
DWSD Budget Shortfall Pending	Represents budget shortfall attributable to decline in collections since declaration of COVID-19 pandemic emergency. The 2018 Memorandum of Understanding provides guidance related to repayment to the extent that the shortfall is not cured by other means before June 30th of the subsequent year. Communication with DWSD Management indicates that plans are cautiously optimistic that the shortfall will be cured by year-end.									
Improvement & Extension Fund Transfer Pending	Represents annual funding for pay-as-you-go capital improvement program. Budget amendments to investment earnings and debt service affect this line item.									



## Supplemental Information – Operating Fund Level - Water System and Sewer System

System	FY 2021 Board Adopted Budget		Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments		FY 2021 Amended Budget	FY 2021 Activity Thru 7/31/2020		
Water System Operations	\$ 137,127,300	\$	(3,000,000)	\$ -	\$ (3,000,000)	\$	134,127,300	\$	10,035,603	
Wastewater System Operations	184,946,100		(2,650,100)	-	(2,650,100)		182,296,000		13,198,433	
Total	\$ 322,073,400	\$	(5,650,100)	\$ -	\$ (5,650,100)	\$3	316,423,300	\$	23,234,036	

As shown in the table above, there are no budget amendments for transfers of resources between the water and sewer funds. It is unforeseen that such an amendment would occur as each system is accounted for as a stand-alone entity. The purpose of this table is to transparently report that funds from one system do not provide budget support to the other system.



#### Supplemental Information - Enterprise-wide Core Groups

O&M Major Budget Categories (Core Groups)	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 7/31/2020
A Water System Operations	\$ 71,966,400	\$ (1,146,600)	\$ -	\$ (1,146,600)	\$ 70,819,800	\$ 5,820,822
B Wastewater System Operations	115,676,400	(701,300)	-	(701,300)	114,975,100	8,309,491
C Centralized Services	102,721,300	(2,382,900)	-	(2,382,900)	100,338,400	7,235,111
D Administrative & Other Service	31,709,300	(1,419,200)	-	(1,419,200)	30,290,100	1,868,612
Total	\$ 322,073,400	\$ (5,650,000)	\$ -	\$ (5,650,000)	\$ 316,423,400	\$ 23,234,036

A subset of the operating funds are core groups that account for A) direct cost of water operations, B) direct cost of sewer operations, C) centralized services (e.g. field services, security, information technology, facilities, and fleet), D) administrative services (e.g. finance, public affairs, general counsel, and organizational development). The costs of the latter two categories are allocated to the water and sewer systems based upon an internal cost allocation plan that is performed on an annual basis. Through the first quarter FY 2021, there are no amendments that cross the core groups. For more activity within these groups, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1).* 



#### Supplemental Information - Enterprise-wide Operations & Maintenance Account Type

O&M Expense Categories (Account Type)	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	Total 1st Quarter FY 2021 Amendments	FY 2021 Amended Budget	FY 2021 Activity Thru 7/31/2020
Personnel Costs	\$ 110,333,100	\$ (1,527,100)	\$ -	\$ (1,527,100)	\$ 108,806,000	\$ 8,991,690
Utilities	51,937,000	-	-	-	\$ 51,937,000	4,868,157
Chemicals	13,419,800	-	-	-	\$ 13,419,800	1,403,069
Supplies & Other	38,620,800	(600,000)	1,000,000	400,000	\$ 39,020,800	1,802,493
Contractual Services	106,154,600	(1,372,200)	-	(1,372,200)	\$ 104,782,400	6,781,819
Capital Program Allocation	(3,447,700)	-	-	-	\$ (3,447,700)	(242,096)
Shared Services	(3,412,900)	-	-	-	\$ (3,412,900)	(371,096)
Unallocated Reserve	8,468,700	(2,150,800)	(1,000,000)	(3,150,800)	\$ 5,317,900	-
Total	\$ 322,073,400	\$ (5,650,100)	\$ -	\$ (5,650,100)	\$ 316,423,300	\$ 23,234,036

The table above presents the Operations & Maintenance budget by the major expense categories (account type).

For additional detail and the explanation of the key changes to the FY 2021 budget within these categories, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1).* 

For an additional view of the Operations & Maintenance budget by expense category (account type) and by departmental level, see Supplemental Information - Enterprise-wide Operations & Maintenance Account Type and Departmental Level Amendments (Addendum 2).



#### Supplemental Information - Unallocated Reserve by Core Group

O&M Unallocated Reserves	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	Total st Quarter FY 2021 mendments	FY 2021 Amended Budget
Water System Operations	\$ 1,729,300	\$ (436,900)	\$ -	\$ (436,900)	\$ 1,292,400
Wastewater System Operations	4,603,900	(701,300)	(1,000,000)	(1,701,300)	2,902,600
Centralized Services	1,637,200	(642,900)	-	(642,900)	994,300
Administrative & Other Services	498,300	(369,700)	-	(369,700)	128,600
Total	\$ 8,468,700	\$ (2,150,800)	\$ (1,000,000)	\$ (3,150,800)	\$ 5,317,900

An Unallocated Reserve account is established for each of the four core groups. Budget is assigned to these accounts to cover expenditures not known at the time the budget is developed (merit increases, fluctuations within maintenance contracts and usage of utilities and chemicals, projects and initiatives not planned at the time the initial budget was developed, etc.). It is GLWA's internal budget directive for each area, group, and team to manage their needs to an amount within the initial budget. If required, an amendment is made from the unallocated reserve. If an area does not require as much funding as was established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased.

As stated above, wage and benefit adjustments related to merit increases are included within the Operations & Maintenance contingency accounts (Unallocated Reserves) of the financial plan. The reduction to the Unallocated Reserves of \$2.2 million (Deferral 1 through September 30, 2020) represents the elimination of the estimated FY 2021 wage adjustment thus holding the Salaries & Wages at the current FY 2020 rates. The reduction to the Wastewater System Operations Unallocated Reserves of \$1 million relates to the fire that occurred on September 20, 2020, in the Complex II building located at the Water Resource Recovery Facility.

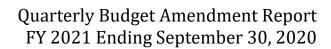
For additional information on the FY 2021 changes to the unallocated reserve, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1).* 



# Appropriation Level - Improvement & Extension Fund - Water System

Water Improvement & Extension Fund	FY 2021 Board Adopted Budget			Deferral 1 through 9/30/2020	Deferral 2 through 2/31/2020	FY 2021 Amended Budget	Total st Quarter FY 2021 mendments	FY 2021 Activity Thru 7/31/2020	
Revenues									
Transfers In from General Operating	\$	23,962,500	\$	(216,600)	\$ 4,533,800	\$ 4,317,200	\$ 28,279,700	\$	-
Earnings on Investments		-		-	-	-	-		409,011
Net Use of Reserves		68,929,500		216,600	(4,533,800)	(4,317,200)	64,612,300		-
Total Revenues	\$	92,892,000	\$	-	\$ -	\$ -	\$ 92,892,000	\$	409,011
Expenditures									
Water System Revenue Transfers Out	\$	-	\$	-	\$ -	\$ -	\$ -	\$	409,765
Capital Improvement Plan-I&E Funded		-		-	-	-	-		2,474
Capital Outlay		17,892,000		-	-	-	17,892,000		125,260
Revenue Financed Capital - Operating									
Transfer to Construction Fund		75,000,000		-	-	-	75,000,000		-
Total Expenditures	\$	92,892,000	\$	-	\$ -	\$ -	\$ 92,892,000	\$	537,500

Appropriation Level - Improvement & Extension Fund - Water System Budget Amendment Explanation								
Revenues								
Water System Revenue Transfers In	To match the amount available for transfer from FY 2021 revenue requirement based							
	upon general operating fund performance. The increase is largely due to the May 2							
	refunding savings and timing of SRF draws.							
Earnings on Investments	Is budgeted at zero as there is a corresponding transfer of earnings back to general							
	operating fund as allowed by the Master Bond Ordinance. The net effect on the I&E Fund							
	is zero as the earnings are budgeted and accounted for in the operating fund to lower							
	revenue requirement for charges.							





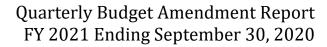
Appropriation Level - Improvement & Extension Fund - Water System Budget Amendment Explanation						
Net Use (Source) of Reserves	This amount represents the net amount of revenues less expenses. A negative amount					
	represents an increase in reserves from current year activity rather than a use of reserves.					
Expenditures						
Water System Revenue Transfers	Is budgeted at zero as there is a corresponding transfer of earnings back to general					
Out (Earnings on Investments)	operating fund as allowed by the Master Bond Ordinance (so the net effect on the I&E Fund					
	is zero). Amendment is for estimated amount. Amount offsets Earnings on Investments.					
	Any variance between the two line items represents a timing difference.					
Capital Improvement Plan Projects –	No budget amendment is required. Represents projects in the Board adopted capital					
I&E Funded	improvement plan (CIP) that do not meet the criteria for debt financing.					
Capital Outlay	No budget amendment is required.					
Revenue Financed Capital – Transfer	No budget amendment is required.					
to Construction Fund						



# Appropriation Level - Improvement & Extension Fund - Sewer System

Sewer Improvement & Extension Fund	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 2/31/2020	FY 2021 Amended Budget	Total st Quarter FY 2021 mendments	Ac	FY 2021 tivity Thru /31/2020
Revenues							
Transfers In from General Operating	\$ 39,705,500	\$ 21,000	\$ 728,300	\$ 749,300	\$ 40,454,800	\$	-
Receipt of DWSD Shortfall Loan	19,288,300	-	-	-	19,288,300		1,570,143
Earnings on Investments	-	-	-	-	-		162,017
Net Use of Reserves	3,987,300	(21,000)	(728,300)	(749,300)	3,238,000		-
Total Revenues	\$ 62,981,100	\$ -	\$ -	\$ -	\$ 62,981,100	\$	1,732,160
Expenditures							
Sewer System Revenue Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$	231,551
Capital Improvement Plan-I&E Funded	-	-	-	-	-		547
Capital Outlay	20,481,100	-	-	-	20,481,100	\$	246,101
Revenue Financed Capital - Operating							
Transfer to Construction Fund	42,500,000	-	-	-	42,500,000		-
Total Expenditures	\$ 62,981,100	\$ -	\$ -	\$ -	\$ 62,981,100	\$	478,199

Appropriation Level - Improvement & Extension Fund - Sewer System Budget Amendment Explanations					
Revenues					
Sewer System Revenue Transfers In	To match the amount available for transfer from FY 2020 revenue requirement based upon general operating fund performance. The increase is largely due to the May 2020 refunding savings and timing of SRF draws.				





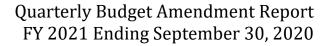
Appropriation Level - Improvemen	t & Extension Fund - Sewer System Budget Amendment Explanations
Earnings on Investments	Has not been budgeted as there is a corresponding transfer of earnings back to general
	operating fund as allowed by the Master Bond Ordinance. The net effect on the I&E Fund
	is zero as the earnings are budgeted and accounted for in the operating fund to lower
	revenue requirement for charges. An amendment will be prepared for the second quarter
	FY 2021.
Net Use of Revenues	This amount represents the net amount of revenues less expenditures. A negative amount
	represents an increase in reserves from current year activity rather than a use of reserves.
Expenditures	
Water System Revenue Transfers	Has not been budgeted as there is a corresponding transfer of earnings back to general
Out (Earnings on Investments)	operating fund as allowed by the Master Bond Ordinance (so the net effect on the I&E
	Fund is zero). Amendment is for estimated amount. Amount offsets Earnings on
	Investments. Any variance between the two line items represents a timing difference. An
	amendment will be prepared for the second quarter FY 2021.
Capital Outlay	No budget amendment is required.
Revenue Financed Capital – Transfer	No budget amendment is required.
to Construction Fund	



# Appropriation Level - Construction Bond Fund - Water System

Water Construction Bond Fund	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	FY 2021 Amended Budget	Total 1st Quarter FY 2021 Amendments	FY 2021 Activity Thru 7/31/2020
Revenues						
Transfer from Improvement & Extension Fund	\$ 75,000,000	\$ -	\$ -	\$ -	\$ 75,000,000	\$ -
Bond Proceeds	-	-	-	-	-	-
Grant Revenues (SRF Loans)	12,365,800	-	-	-	12,365,800	425,413
Earnings on Investments	820,400	-	(639,900)	(639,900)	180,500	9,679
Net Use of Reserves	22,486,800	-	639,900	639,900	23,126,700	-
Total Revenues	\$ 110,673,000	\$ -	\$ -	\$ -	\$ 110,673,000	\$ 435,092
Expenditures						
Capital Improvement Plan	\$ 147,564,000	\$ -	\$ -	\$ -	\$ 147,564,000	\$ 5,998,246
Capital Spend Rate Adjustment	(36,891,000)	-	-	-	(36,891,000)	-
Total Expenditures	\$ 110,673,000	\$ -	\$ -	\$ -	\$ 110,673,000	\$ 5,998,246

Appropriation Level - Construction Bond Fund - Water System Budget Amendment Explanations						
Revenues						
Transfers from Improvement	No budget amendment is required.					
& Extension Fund						
Bond Proceeds	No budget amendment is required.					
Grant Revenues	No budget amendment is required. State revolving fund loan disbursements are on a					
(State Revolving Fund Loans)	reimbursement basis. The amount and timing of funds fluctuates with project expenditures					
	incurred. Details related to the SRF projects are presented in the quarterly debt report. The most					
	recent quarterly debt report is presented in the <u>August 2020 Audit Committee binder</u> which					
	provides details related to the SRF funding and associated projects.					
Earnings on Investments	Decrease in earnings due to market conditions since declaration of COVID-19 pandemic					
	emergency.					





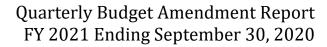
Appropriation Level - Cons	truction Bond Fund - Water System Budget Amendment Explanations
Net Use of Revenues	This amount represents the net amount of revenues less expenditures. A "use of reserves" indicates a spend down of prior year reserves. The amount has been amended to offset the reduction to the Earnings on Investments.
Expenditures	
Capital Improvement Plan	No budget amendment is required. After contracts are awarded at amounts variant from the CIP plan and more reliable anticipated spend data becomes available, the amended budget for the current fiscal year may increase or decrease by way of "Capital Reserve" budget amendments.
Capital Spend Rate Assumption Adjustment	No budget amendment is required. The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The most recent quarterly construction work-in-progress report is presented in the <u>September 2020 Audit Committee binder</u> .



# **Appropriation Level - Construction Bond Fund - Sewer System**

Sewer Construction Bond Fund	FY 2021 Board Adopted Budget	Deferral 1 through 9/30/2020	Deferral 2 through 12/31/2020	FY 2021 Amended Budget	Total 1st Quarter FY 2021 Amendments	FY 2021 Activity Thru 7/31/2020	
Revenues							
Transfer from Improvement & Extension Fund	\$ 42,500,000	\$ -	\$ -	\$ -	\$ 42,500,000	\$ -	
Bond Proceeds	-	-	-	-	-	-	
Grant Revenues (SRF Loans)	33,200,000	-	-	-	33,200,000	950,375	
Earnings on Investments	497,700	-	(388,200)	(388,200)	109,500	10,186	
Net Use of Reserves	6,781,300	-	388,200	388,200	7,169,500	-	
Total Revenues	\$ 82,979,000	\$ -	\$ -	\$ -	\$ 82,979,000	\$ 960,561	
Expenditures							
Capital Improvement Plan	\$ 110,638,000	\$ -	\$ -	\$ -	\$ 110,638,000	\$ 5,191,462	
Capital Spend Rate Adjustment	(27,659,000)	-	-	-	(27,659,000)	_	
Total Expenditures	\$ 82,979,000	\$ -	\$ -	\$ -	\$ 82,979,000	\$ 5,191,462	

Appropriation Level - Construction Bond Fund - Sewer System Budget Amendment Explanations					
Revenues					
Transfers from Improvement &	No budget amendment is required.				
Extension Fund					
Bond Proceeds	No budget amendment is required.				
Grant Revenues	No budget amendment is required. State revolving fund loan disbursements are on a				
(State Revolving Fund Loans)	reimbursement basis. The amount and timing of funds fluctuates with project				
	expenditures incurred. Details related to the SRF projects are presented in the quarterly				
	debt report. The most recent quarterly debt report is presented in the <u>August 2020 Audit</u>				
	Committee binder which provides details related to the SRF funding and associated				
	projects.				





Appropriation Level - Constructi	on Bond Fund – Sewer System Budget Amendment Explanations				
Earnings on Investments	Decrease in earnings due to market conditions since declaration of COVID-19 pandemic				
	emergency.				
Net Use of Revenues	This amount represents the net amount of revenues less expenditures. A "use of reserves"				
	indicates a spend down of prior year reserves. The amount has been amended to offset				
	the reduction to the Earnings on Investments.				
Expenditures					
Capital Improvement Plan	No budget amendment is required. After contracts are awarded at amounts variant from				
	the CIP plan and more reliable anticipated spend data becomes available, the amended				
	budget for the current fiscal year may increase or decrease by way of "Capital Reserve"				
	budget amendments.				
Capital Spend Rate Adjustment	No budget amendment is required. The Board of Directors adopts a capital spending				
	ratio assumption (SRA) which allows the realities of capital program delivery to align				
	with the financial plan. The SRA is an analytical approach to bridge the total dollar				
	amount of projects in the CIP with what can realistically be spent due to limitations				
	beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations,				
	whether financial or non-financial, necessitate the SRA for budgetary purposes, despite				
	the prioritization established. Amendments to the spend rate assumption are made to				
	align the projected financial use of resources with revised capital improvement plan				
	spending forecasts. The most recent quarterly construction work-in-progress report is				
	presented in the <u>September 2020 Audit Committee binder</u> .				